Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 97-250
Tariffs Implementing	)	
Access Charge Reform	)	

REBUTTAL OF SPRINT LOCAL TELEPHONE COMPANIES TO OPPOSITIONS TO DIRECT CASES

The Sprint Local Telephone Companies ("Sprint") respectfully submit the following comments in rebuttal to the March 2, 1998, filings offered by AT&T and MCI in response to the direct cases filed pursuant to the Commission's Order Designating Issues For Investigation and Order on Reconsideration in the above-noted docket.

A. Definition of Primary and Non-Primary Lines

Sprint has, in other dockets currently before the Commission, advocated eliminating the distinction between primary and non-primary lines.[1] Moreover, it is Sprint's position that the Commission should abolish the PICC as a separate charge and lift the cap on the subscriber line charge ("SLC") to allow the ILEC to bill the PICC directly to the customer through the SLC. This course of action would permit all common line costs assigned to the interstate jurisdiction to be recovered directly from the cost causer – the end user.

[1] See, *In the Matter of Defining Primary Lines,* CC Docket 97-181, in CC Docket 97-181, Sprint comments filed September 25, 1997; and *In the Matter of the Emergency Petition of MCI Telecommunications Corporation Petition for Prescription of Tariffs Implementing Access Charge Reform,* CC Docket 97-270, comments filed March 18, 1998.

AT&T and MCI each agree with Sprint's position on elimination of the primary/non-primary distinction. Sprint continues to believe that:

> ...the Commission [should] consider further the wisdom and benefits of differentiating between primary and non-primary residential lines for purposes of assessing access charges under the revised structure. ...Sprint believes that it would be far better for the Commission to dispense with its attempt to differentiate between primary and non-primary lines altogether. Sprint does not suggest that the Commission should load the additional revenue requirements that would have been recovered from non-primary residential lines (through higher PICCs or SLCs) back onto usage-based access charges, or onto the multi-line business PICC. Rather, the Commission should set the residential SLC and PICC at levels that represent the weighted average of the primary and non-primary line charges that the Commission contemplated in its Access Reform docket.[2]

As Sprint has recently indicated,[3] practical application of the distinction between primary and non-primary lines has proven the concept to be unworkable. The Commission should accept the arguments of Sprint, AT&T, and MCI and eliminate this artificial distinction.

AT&T suggests what equates to a middle ground approach, that is, eliminate the distinction between primary and non-primary line when billing the PICC, and instead use a weighted average of primary residential lines, non-primary residential lines, and single line business charges.[4] Sprint recognizes that there are certain benefits to this approach, and as noted above, has suggested its use as a possible alternative to the PICC problem. However, it also recognizes that use of a weighted average does not eradicate the problems inherent in distinguishing between primary and non-primary lines. While the charge ultimately levied would not indicate the distinction, definitions capable of being

[2] CC Docket 97-181, *supra*, Sprint Comments at p.2.
[3] *See*, Sprint's Comments on MCI's Petition for Prescription, footnote 1, supra.
[4] *See*, AT&T Comments at p. 4, footnote 7.

fairly administered would still have to exist in order to count lines and determine the weightings.

To the extent the Commission is determined to maintain the primary/non-primary dichotomy, it should reject arguments made by AT&T and MCI in favor of using a service address as the method of identifying customer lines.[5] It is unclear precisely why MCI supports use of the service address. In a single, contradictory, statement, MCI acknowledges that use of an account number is "more verifiable at the present time," then goes on to maintain that a service address approach is reasonable. Moreover, MCI's argument here is manifestly inconsistent with that made in its recent Emergency Petition for Prescription. In that filing, MCI encourages the Commission to adopt the use of IXC end user billing account numbers as the identifier. The Commission should accept MCI's comment based on its actual experience to date, which is that use of the LEC billing account approach is workable and provides verifiable data.

In spite of AT&T's claims, use of a service address does not meet its five point test for reasonability. First, a service address is certainly susceptible to customer "gaming." For example, a customer can easily assert that what appears to be a single family home is actually divided into separate apartments, with differing service addresses. In order to disprove such an assertion, the carrier – presumably the LEC - will be forced to verify the customer's claims. Placing the LEC in this policing role will necessarily result in offensive intrusions into the customer's privacy. In support of the service address definition, US WEST provides what is perhaps the best example of just why this is true. US WEST has suggested that a service address would be defined as "A self-

contained housing unit with separate cooking and sleeping facilities."[6] Just how US WEST will verify the presence of kitchens and bedrooms in each subscriber's home is not clear. However, Sprint fails to see how verification by a utility or the presence of separate bedrooms in a person's home is anything but intrusive.

Use of a service address would punish those customers, who for very legitimate reasons, maintain more than one billing account at a residence. It is certainly not unusual - or unreasonable - for roommates to have separate billing accounts while sharing the same service address. Is AT&T (or the Commission) prepared to answer the complaints of these roommates as to why one is paying a higher PICC and SLC even though there is no difference in service? Finally use of the customer's service address will require Sprint to make extensive and expensive changes to its billing system thus placing a huge administrative and financial burden on the company.

Consequently, as clearly demonstrated above, use of the customer service address fails every facet of AT&T's test. It is neither objectively accurate or unambiguous, as proven by the roommate scenario; is susceptible to subscriber manipulation; is neither easily verifiable (lest the LECs actually be required to count kitchens and bedrooms) nor non-intrusive; and is not easily administered (since billing system changes would be necessary). The Commission should reject AT&T's arguments and, for the reasons outlined in Sprint's Direct Case and its comments in CC Docket 97-181, join the majority

[5] *See*, MCI Comments at p. 4; AT&T Comments at p.5.
[6] *See*, US WEST comments at p. 2.

of carriers[7] and accept use of the LEC billing account number as a reasonable mechanism for defining primary lines.

At page 7 of its comments, AT&T alleges that the Sprint LECs "unreasonably excluded Lifeline EUCLs from their primary line counts." Sprint acknowledges that, through an oversight, Lifeline EUCLs were inadvertently left out of the line count numbers submitted with the direct case. That oversight was corrected in the revised access tariff filing made March 17, 1998.[8]

B. Adjustment of Common Line Revenues Because of Historic Understatement of BFP.

The recalculation of the Base Factor Portion ("BFP") has been debated numerous times in the recent past. Since last December, Sprint has filed comments in this continuing debate in the context of its 1997 Annual Filing;[9] Bell Atlantic's Petition for Reconsideration of the Annual Filing;[10] US WEST's Petition for Waiver of Sections 61.45(d), 61.46(d) and 69.152 of the Commission's Rules;[11] and its Direct Case filing in the instant matter.[12] Sprint has continuously voiced its support for the use of historical rather than forecasted information in the development of common line rates. It also maintained that any corrections for prior overstatement of carrier common line charges resulting from imprecise forecasted information must include a mechanism by which end

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[7] Carriers supporting use of customer billing account include Aliant, Bell Atlantic, Cincinnati Bell, Citizens, Frontier, GTE, Southwestern Bell and Sprint.
[8] *See*, Sprint Revised Access Reform Tariff Filing, Transmittal #50.
[9] *In the Matter of 1997 Annual Access Tariff Filings*, CC Docket 97-149, Sprint Direct Case filed September 2, 1997; Rebuttal Comments filed September 24, 1997.
[10] *In the Matter of 1997 Annual Access Tariff Filings*, CC Docket 97-149
CCB/CPD 98-1, Sprint Comments filed January 21, 1998; Reply Comments filed January 28, 1998.
[11] *In the Matter of The Petition of U S WEST Communications, Inc. for Waiver of Sections 61.45(d), 61.46(d) and 69.152 of the Commission's Rules*, CC Docket No. 97-149, Sprint Comments filed March 9, 1998.
[12] Sprint Direct Case, filed February 27, 1998.

user under charges can be recovered. Sprint believes it has adequately represented its position in these past filings and, therefore, will not elaborate on the matter further here.

C. Revenue vs. Revenue Requirement

Like the sustained discussions regarding the recalculation of the BFP, the controversy over the use revenue v. revenue requirement has been thoroughly debated. Consequently, Sprint will not repeat here its position on the subject, but does wish to again stress that, while the use of an "R" adjustment may be appropriate under certain, specific circumstances, such is not always the case.[13] Therefore, Sprint strenuously objects to the creation of a rule that would be applicable regardless of the issues involved and instead encourages the Commission to consider the application of the "R" adjustment on a case-by-case basis.

D. Impact on the TIC Arising from the Use of Actual Minutes of Use Rather than the Assumed 9000 Minute of Use Surrogate.

AT&T and MCI both condemn LECs, like Sprint, who, after performing the actual minute of use calculation mandated by the Commission, discovered it was necessary to increase rather than decrease the TIC. Such condemnation is unjustified.

Both carriers argue vehemently that, once transport rates are calculated based on actual minutes of use, any resulting increase in common transport revenues must be used to decrease the TIC. However, they go on to aver that if the calculation results in a decrease, then no adjustment to the TIC should be made. MCI and AT&T are here advocating a "heads we win, tails you lose" type ratemaking.

[13] *See*, examples provided by Sprint at pages 6-7 of its Direct Case.

The fact is that the assumption upon which the Commission based its directive did not prove to be valid - Sprint discovered that its actual minutes of use were higher than the previously used surrogate. Consequently, Sprint's TIC charge increased rather than decreased. Sprint asserts, however, that this is an appropriate result. If, by applying actual usage, it becomes clear that the calculated transport rates between the tandem and the end office did in fact decline, then it is appropriate to apply the lower rates just as, if the Commission's assumption had been borne out, it would have been appropriate to apply the lower TIC rate level. MCI and AT&T cannot have it both ways.

E. Recovery of Universal Service Obligations.

MCI and AT&T both object to the use of the information contained in Form 457 for purposes of allocating the universal fund obligation to individual price cap baskets. Neither carrier provides detailed support for its position. AT&T's primary objection appears to be based on its belief that IXCs would not be able to verify the information contained in Form 457 since it is submitted only to the Universal Service Administration Commission. Sprint asserts that AT&T's concerns can be easily alleviated by merely requiring Form 457 to be made part of the LECs' annual filings. The form is not proprietary in nature; therefore, there is no reason it cannot be made available to the carriers.

Sprint continues to believe that the information contained on Form 457 is superior to that gleaned from a comparison of TRP SUM-1 against the LECs' internal billing records. Sprint agrees with Cincinnati Bell that because the form contains information calculated in a uniform manner by all LECs and further, because the revenues from the form provide the basis for determining the level of each carrier's USF contribution, it is

logical to cause the distribution of the contributions to the price cap baskets to mirror the same proportions as the revenues on the form.[14]

Finally, AT&T alleges that Sprint "does not appear to map line 38 [of Form 457] to the different price cap baskets."[15] AT&T is correct, Sprint did not track line 38. Line 38 is labeled "Other Local Revenue" which, by definition is not part of the interstate jurisdiction. Consequently, there was no reason to include the data from that line in the interstate price cap baskets.

F. Comments on AT&T's Exhibits.

Finally, Sprint provides the following comments on the exhibits attached to AT&T's comments. On Exhibit CCL 1, AT&T purports to summarize what it claims to be the LECs' overstated CCL rates for 1991 through 1997. With respect to the calculations alleged to represent Sprint's rates, Sprint notes that AT&T based its calculation on an aggregate number while Sprint's filing was broken down by individual Sprint tariff entity. Consequently, Sprint is unable to verify AT&T's numbers for purposes of rebuttal.

The numbers provided by AT&T in Exhibit REV 2 are at odds with the revenue requirement numbers submitted by Sprint in its filing. Sprint does not know how AT&T arrived at these numbers and thus is unable to validate AT&T's figures. Sprint calculated its numbers based on state-level costs, rolled-up to a filing entity as shown in Sprint Exhibit 4 to the Direct Case. AT&T, however, did not provide any support for the numbers it offers, rendering this exhibit essentially meaningless. Sprint is, therefore, unable to comment on the exhibit and urges the Commission not to accord it any weight.

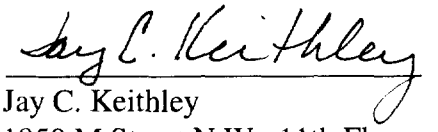
[14] *See*, Direct Case of Cincinnati Bell, at p. 14.

CONCLUSION

For the reasons set forth herein, we urge the Commission to reject the arguments made by AT&T and MCI in opposition to Sprint's filing and accept Sprint's tariff as filed.

Respectfully submitted,

SPRINT LOCAL TELEPHONE COMPANIES

By 

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[15] *See*, AT&T Comments, at p. 31.

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 21st day of March 1998, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Rebuttal of Sprint Local Telephone Companies to Oppositions to Direct Cases" in the Matter of Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

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